



**International Forum on Payments for Environmental Services of Tropical Forests
7-10 April 2014 San José, Costa Rica**

Concept Note

BACKGROUND

Ensuring sustainable supply of goods and services from forests to enhance their vital contributions to socio-economic development lies at the core of Sustainable Forest Management (SFM). Yet, SFM in the tropics is often less profitable than other land-uses because many of the goods and services forests produce lack formal markets. Hence achieving SFM requires the provision of appropriate economic incentives and instruments. In this regard, it is important to promote investment in and payment for all the goods and services provided by tropical forests while capitalizing on all their economic values. Payments for forest environmental (or ecosystem) services such as biodiversity, tourism and recreation, water conservation, soil protection and climate change mitigation, known in general as PES, is one such innovative means of financing SFM.

PES have been around for some time now and they have been touted as major means to addressing the challenge of financing SFM and tropical forest conservation, with the potential for rendering significant positive social and economic outcomes. They aim to address market failure by providing incentives to land users to make it more desirable for them to sustainably manage forests than to degrade or deplete them. However, currently, many PES mechanisms are small and scattered. Many of them are also unsustainable without regular and strong external support.

In the tropics, PES have been developed and/or under implementation with the involvement of a number of local communities under various initiatives. For instance, Costa Rica has implemented PES programme since 1996 through its National Forest Law by recognizing four categories of forest environmental services. These include: mitigation of greenhouse gas emissions; hydrological services (drinking water, irrigation and energy production); biodiversity conservation; and providing scenic beauty. ITTO's Thematic Programme on Reducing Deforestation and Forest Degradation and Enhancing Environmental Services in Tropical Forests (REDDES) promotes the capacity of ITTO developing member countries and their stakeholders to maintain and enhance environmental services of tropical forests in order to contribute to the social and economic sustainability and well-being of forest-dependent communities through PES. Similarly, FAO has been championing the significance of PES in promoting SFM and has been striving to enhance the capacities of member countries to develop and implement effective and viable PES mechanisms.

The International Forum on Payments for Environmental Services of Tropical Forests aims to highlight the importance of developing and implementing PES mechanisms in tropical countries and to share best practices and lessons learned from the many activities and projects that have been undertaken in recent years to scale up global efforts to promote PES. The International Forum is expected to recommend actions at local, national and international levels for the development and effective implementation of PES mechanisms in support of SFM in the tropics. It will bring together policymakers, researchers and academicians, practitioners, civil society, the private sector, and regional and international organizations engaged in the development, implementation and support of PES mechanisms.

OBJECTIVES

The main objective of the International Forum is to discuss the conditions under which the sustainability of current PES mechanisms can be improved and the challenges to their scaling-up and mainstreaming can be effectively addressed. The focus of the Forum's deliberations will be on institutional innovation and



maximizing efficiency and effectiveness in implementation with the goal of bridging the gap between science, policy and practice of PES.

To this end, the Forum specifically intends to:

- a) explore experiences, opportunities and challenges on how PES can help reduce poverty and support SFM with a particular attention to payments for the following environmental services:
 - i. Existing and emerging carbon markets for A/R CDM and REDD+
 - ii. Biodiversity conservation and sustainable use
 - iii. Watershed management
 - iv. Community based ecotourism/landscape management
- b) report on the potential and challenges of remuneration systems for PES;
- c) identify the policy, legal, socio-economic and environmental factors, including gender, tenure and traditional knowledge, that are critical for the effective development of PES with a view to make recommendations for further advancement of PES mechanisms at local, national and international levels; and
- d) promote and facilitate cooperation among partners including South-South partnerships and among bilateral and multilateral PES initiatives.

PARTICIPANTS

It is expected that up to 200 participants will take part in the Forum including a range of stakeholders from policymakers to practitioners in the field of forestry with particular interest in payments for environmental services provided by tropical forests. Invitations will be sent to relevant representatives of the co-organizers' governing bodies. Relevant officials from universities, research institutions, government agencies and non-governmental organizations will also be invited, including those with experiences on PES from outside the forest sector. A dedicated website for the International Forum will provide information to prospective participants and to facilitate registration in the Forum.

CO-ORGANIZERS, PARTNERS, AND SPEAKERS

The International Forum will be jointly organized by ITTO, FAO and National Forest Financing Fund – FONAFIFO of Costa Rica and will be hosted by the Ministry of Environment of Costa Rica. Other interested international, regional and national organizations, as well as donor governments, will be invited to participate as co-sponsors or partners.

5-6 keynote speakers and around 30 panelists and resource persons will be identified by the co-organizers and invited to participate in the Forum. In addition, participants will be invited to prepare posters and a poster session will be organized during the conference.

THEMATIC AREAS

The Forum will be structured around four main thematic areas. Each theme will commence with a keynote presentation introducing the issue followed by a series of panel presentations that will provide case studies of particular aspects including from different countries and on different PES schemes related to, *inter alia*, existing and emerging carbon markets for A/R CDM and REDD+; biodiversity conservation and sustainable use; watershed management; and community based ecotourism/landscape management. The short presentations by the panelists will be analytic rather than descriptive, focusing on issues and challenges and lessons learned. The presentations will be followed by facilitated discussions to encourage inputs by all participants.



The four thematic areas are:

Theme 1: PES for sustainable forest management

Payments for environmental services of tropical forests should contribute to sustainable social and economic development, while protecting forest resources. This theme will discuss options that promote sustainable utilization of tropical forests and recognize positive externalities of forests, including landscape approaches to PES that take into account other productive land uses in forested landscapes and their relationship with forests.

Theme 2: Developing innovative financing mechanisms

PES require innovative financing mechanisms. Under this theme different mechanisms, and the challenges and opportunities they present will be discussed including: public schemes such as eco-taxes, ear-marked budgets, local bodies; public-private partnerships; private schemes including CSR, carbon neutrality, green economy principles; tax-sharing and international sources/mechanisms and instruments such as REDD+ and GEF.

Theme 3: Ensuring benefits for local communities

In view of the increasing proportion of forests managed by local communities, PES schemes should be designed in ways that ensure communities can benefit from them. Discussions under this theme will revolve around property rights and access (including that of carbon); defining beneficiaries, developing effective and innovative benefit sharing and distribution models and ensuring effective participation of communities, farmers and other local stakeholders. Experiences with community based, decentralized, pro-poor management approaches will be presented.

Theme 4: Establishing robust governance and institutional arrangements

The development of PES schemes needs to go hand in hand with strengthening institutional capacities, developing appropriate policy/legal frameworks and increasing synergies with policies and programmes of other sectors to enhance the competitiveness of tropical forests with other land uses. This theme will discuss different approaches, lessons learned and challenges encountered.

Based on the outcomes of the discussions under the four themes and a field visit, recommendations will be proposed on how to increase the effectiveness of current PES schemes for tropical forests and how to engage more countries in developing such schemes.

LANGUAGES

The working languages of the Forum will be English, French and Spanish, with simultaneous interpretation available in all sessions.

DISSEMINATION

Key messages relating to enhancement of PES schemes will be formulated during the Forum and will be agreed by participants in the form of a conference statement. The messages will be presented at relevant international events in 2014, including CBD COP 12, UNFCCC COP 20, FAO's Committee on Forestry (COFO) and the 50th Session of the ITTO Council.



Presentation materials and papers from the Forum will be posted on the co-organizers' websites. A summary of the outcomes of the Forum will be published. Conference outcomes and selected contributions will also be featured in special issue of ITTO's *Tropical Forest Update* for wider dissemination.

SPONSORSHIP

Limited funding will be available for speakers and participants from developing countries. Further information can be obtained by contacting FAO or ITTO.

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